



Taking steps to reform Medicare

U.S. Rep. Mike Coffman

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The Medicare Board of Trustees conservatively places 2024 as the date when the Medicare trust fund will run out of money. Simply put, Medicare is going bankrupt, and the longer Congress and the president kick the proverbial can down the road, the more difficult it will be to save and preserve the program for future generations of deserving seniors.

Even President Barack Obama has publicly stated that the Medicare program is unsustainable in its current form. The program's trustees report that its unfunded long-term liability — the gap between the benefits that will need to be paid out and the revenues available to pay for them over the coming decades — is more than \$30 trillion. It is simply not possible to address this problem only by increasing the taxes that fund Medicare. Medicare payroll taxes would need to quadruple today in order to cover the program's unfunded liabilities.

The Medicare system must be reformed. The only comprehensive reform introduced to date in Congress is the idea put forward by U.S. Rep. Paul Ryan of Wisconsin, the chairman of the House Budget Committee. The Medicare reform plan developed by Ryan is now being promoted by many House Republicans. No doubt, there is a lot of confusion among ordinary citizens all across the country over what this proposal for Medicare reform, which I support, actually does.

The House Republican Medicare reform plan leaves seniors who are either currently on Medicare or those who are age 55 and older alone. In other words, they will maintain their eligibility and benefits are unchanged. However, for those under 55, the necessary changes to preserve Medicare will need to be made. What is important for those who are younger than 55 is that this plan assures them there will be a Medicare program to count on, and gives them adequate time to adjust their retirement planning to reflect the terms of the new program.

There are two primary components of the House Republican reform plan. The first adjusts what

is called the “premium support payment” based on the net worth of eligible seniors so that wealthier seniors will receive much less of a subsidy than lower income seniors or those who suffer from chronic illnesses. Medicare will now be a means tested program for the first time in its history. Opponents of the plan often mischaracterize this section as an increase in the average premium of \$6,400, while never explaining that wealthier seniors will pay a much larger portion of the benefit to help stabilize the program and keep it from slipping into insolvency.

The second change involves how benefits are administered under Medicare. The reform plan will have preapproved health insurance options that seniors can choose from. This is the same way that federal employees are allowed to select their health care benefits: from among a variety of options that are designed to fit individual needs. Those who are attempting to undermine the reform plan mischaracterize this part as requiring seniors to negotiate with insurance companies. There is no negotiation required on the part of seniors. All participating seniors will be able to choose among privately-run options that will compete on the basis of cost and quality of care.

While fraud in the Medicare system is massive, fraud in privately administered insurance plans is not. This reform will enable private insurance carriers to clamp down on Medicare fraud, which government bureaucrats have been notoriously slow to investigate.

No doubt, supporting any reforms to save and preserve Medicare will always be politically risky because there inevitably will be those who have no plan of their own but who will take every opportunity to attack anyone who has the courage to step forward in support of one.

The Medicare program is slipping into insolvency and it is unsustainable in its current form. The stakes are far too high for us to continue to ignore this challenge. Medicare, “as we know it,” must be changed in order to save and preserve it for future generations.

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